





TO: Workforce Investment Board Chairperson
Workforce Investment Board Director
Regional Workforce Board Chairpersons
Regional Operators
Regional Coordinators

FROM: Andrew J. Penca 
Commissioner

THROUGH: Scott B. Sanders 
Chief Financial Officer

DATE: July 9, 2007

SUBJECT: DWD Policy 2007-02
Grantee and Grantee Sub-Recipient Audit Requirements

Purpose: To identify the specific actions DWD requires from each of its grant recipients to ensure that they are meeting their audit and sub-recipient audit oversight responsibilities as dictated by OMB Circular A-133 and Indiana Code 5-11-1-9.

Rescission: DWD Policy 2004-42, dated May 31, 2005

Content: *Grantee Entity Annual Report* (Form E-1) Responsibilities

All non-governmental organizations are required by Indiana Code 5-11-1-4 to file an *Entity Annual Report* (Form E-1) with the Indiana State Board of Accounts (SBA) within thirty (30) days of the end of the Grantee's fiscal year.

The Indiana Department of Workforce Development (DWD) requires that a copy of the Form E-1 be submitted to DWD's Oversight Division within thirty (30) days of the end of the Grantee's fiscal year. The Grantee is also required to provide DWD's Oversight Division the *Letter of Determination* from the SBA.

Grantee Audit

All organizations receiving Federal or State financial assistance as a pass through from DWD are subject to the Federal audit requirements of OMB Circular A-133 and/or the State audit requirements of Indiana Code 5-11-1-9.

All DWD grantees are required to submit a copy of their auditor's report to DWD's Oversight Division within the earlier of thirty (30) days after the receipt of the auditor's report, or nine (9) months after the end of the audit period.

If the auditor's report notes that other matters involving the internal control over financial reporting and its operation had been reported to management in a separate letter, a copy of that letter must accompany the auditor's report.

The SBA may waive the State audit requirements of Indiana Code 5-11-1-9. If the audit requirements are waived, a copy of the documentation waiving the audit must be submitted to the DWD's Oversight Division within thirty (30) days of receiving the waiver.

Grantee Sub-Recipient Audit Oversight

Grantees that make sub-awards utilizing the DWD funds are required to ensure that their sub-recipients have satisfied the audit requirements of OMB Circular A- 133 and Indiana Code 5-11-1-9.

All DWD grantees are required to submit a list of their sub-recipients to DWD's Oversight Division within thirty (30) days of the end of their fiscal year.

The list must include the following information on each sub-recipient:

- Name and address
- Audit period
- Total amount expended in Federal funds from all sources
- Total amount expended in funds from all other public fund sources
- Total amount of all expenditures
- Type of sub-recipient (not-for-profit, for profit, School Corporation, etc.)

A Grant Recipient, as pass through entity, is required to obtain an audit on each of its sub-recipients, perform appropriate audit resolution on each of its sub-recipient audits, and notify DWD's Oversight Division within thirty (30) days of completing the resolution on each of its sub-recipient audits.

If no sub-awards were made, then DWD's Oversight Division must be notified in writing within thirty (30) days of the end of the Grantee's fiscal year that there were no sub-awards.

Submitting Documentation

Documentation may be submitted by one of three (3) methods:

- It may be submitted digitally by attaching it to an e-mail and forwarding it to driggle@dwd.in.gov;
- It may be submitted by fax to 317.233.6128. It should be directed to the attention of the Resolution Specialist in the Oversight Division; or,
- It may be submitted by regular mail addressed to:

Oversight Division
Indiana Department of Workforce Development
10 North Senate Avenue, Room SE308
Indianapolis IN 46204-2277

Internet Links to Applicable Authorities.

- OMB Circular A-133 <http://www.whitehouse.gov/omb/circulars/a133/a133.pdf>
- Indiana Code 5-11-1 <http://www.in.gov/legislative/ic/code/title5/ar11/ch1.html>
- Indiana State Board of Accounts "*Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*"
<http://www.in.gov/sboa/publications/guidelines/entities/NFPmanual.pdf>
- Sub-Recipient Tracking Form
http://www.in.gov/dwd/partners/docs/Subrecipient_Audit_Tracking_Form.xls

Questions or Comments:

Any questions or comments may be directed to the Oversight Resolution Specialist at 317.233.6082 or driggle@dwd.in.gov

Ownership: Oversight Division
Indiana Department of Workforce Development
10 North Senate Avenue, Room SE308
Indianapolis IN 46204-2277
317.232.1725

Effective Date: Immediately

Action: Grant Recipients should comply with the direction/action as outlined in this communication and share this communication with relevant staff person(s).

Review Date: June 1, 2009